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ASCS BACKGROUND INFORMATION

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COMMODITY PROGRAMS AND RELATED LEGISLATION THROUGH THE YEARS

Price support operations have been carried out for specified commodities by the Commodity Credit Corporation (CCC) since 1933. Throughout this period, support has been directed or authorized by the specific legislation highlighted in the following pages.

The Early Programs (1933-37)

Price support legislation dates back to the passage of the Agricultural Adjustment Act (Triple-A) on May 12, 1933, and the incorporation of the Commodity Credit Corporation, under the laws of the State of Delaware, on October 17, 1933.

Under the Triple-A Act of 1933, farmers could enter into contracts with the Secretary of Agriculture to adjust production in specified surplus commodities in return for benefit payments, financed chiefly by processing taxes on the commodity concerned.

The Triple-A Act also made price support loans by CCC mandatory on the designated "basic" (storable) commodities -- corn, wheat, and cotton. Permissive supports were authorized for other commodities upon recommendation by the Secretary and approval by the President.

The Corporation, under its Delaware charter, was empowered to engage in broad operations to carry out various commodity supply, price, and disposal programs.

Commodity loan programs carried out by CCC from 1933 through 1937 included those for cotton, corn, turpentine, rosin, tobacco, peanuts, dates, figs, and prunes.

The Supreme Court, on January 6, 1936, declared unconstitutional the production control features of the Agricultural Adjustment Act of 1933 and also voided processing taxes. On February 29, 1936, the Soil Conservation and Domestic Allotment Act of 1936 became law. This legislation provided for "soil-conserving" and "soil-building" payments to cooperating farmers. Soil-building payments were made for soil-building practices, and soil-conserving payments were made for shifting acreage from soil-depleting to soil-conserving crops. Although this legislation made for better land use, it provided inadequate authority for the price and income stabilization operations deemed necessary by farm leaders.

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COMMODITY CREDIT CORPORATION

Large crops of wheat and cotton in 1937, accentuating the twin problems of surplus and low price, led to passage of the Agricultural Adjustment Act of 1938 -- the first legislation that made price support mandatory for certain commodities (corn, cotton, and wheat).

The Pre-war Years
(1938-40)

The Agricultural Adjustment Act of 1938, which is still effective in amended form, provided for (1) mandatory price support loans on certain "basic" commodities so that the commodities could be stored in time of plenty and returned to the market when supplies became scarce -- the "ever-normal granary" idea, and (2) marketing quotas on certain basic commodities, keyed to acreage allotments, which were intended to keep supplies in line with market demand.

Mandatory supports: -- The Agricultural Adjustment Act of 1938, as originally enacted, made supports (through nonrecourse loans) mandatory at 52 to 75 percent of parity for corn, wheat, and cotton.

Permissive supports: -- The Agricultural Adjustment Act of 1938 authorized CCC to make loans on "agricultural commodities (including dairy products)." CCC had authority under its charter to support virtually any agricultural commodity. "Permissive" commodities supported during the 1938-40 period included butter, dates, figs, hops, turpentine, rosin, pecans, prunes, raisins, barley, rye, grain sorghums, wool, winter cover crop seeds, mohair -- and peanuts and tobacco for which, at that time, supports were not mandatory.

There were no specific limits on supports for "permissive" commodities other than the overall objectives of the Act, but the "mandatory" commodities could not be supported at levels above 75 percent of parity.

The War Years
(1941-48)

Mandatory supports on basic commodities. -- On April 3, 1941, an amendment to the Agricultural Adjustment Act of 1938 made supports mandatory on peanuts at 50 to 75 percent of parity.

The Act of May 26, 1941, directed CCC to make loans to cooperators (producers who did not exceed their farm acreage allotments) on the 1941 crops of rice, tobacco, cotton, corn, and wheat at 85 percent of parity. This Act was amended December 26, 1941, to add peanuts to the list of commodities to be supported at the 85 percent level and to extend applicability of the Act to the 1942-through-1946 crops.

Section 8(a) of the Stabilization Act of 1942 directed CCC to make loans to cooperators at 90 percent of parity upon any crop of cotton, corn, wheat, rice, tobacco, and peanuts (the "basic agricultural commodities") harvested after December 31, 1941, and before 2 years after the end of hostilities. (This period ended with the 1948 crops of these commodities.)

The Act of June 30, 1944, increased the rate of support on cotton harvested after December 31, 1943, to 92½ percent of parity. The Act of October 3, 1944, increased the rate still further to 95 percent of parity with respect to crops of cotton harvested after December 31, 1943, and planted prior to January 1, 1945.

The Act of July 28, 1945, required that the support rate on fire-cured tobacco be 75 percent of the rate for Burley tobacco and that the rate for dark air-cured and Virginia sun-cured tobacco be 66-2/3 percent of the Burley rate. This was modified in 1957.

Mandatory supports on "Steagall" commodities. -- Section 4 of the Act of July 1, 1941, the so-called Steagall Amendment, required support at not less than 85 percent of parity or comparable price for those nonbasic commodities for which the Secretary of Agriculture or the War Food Administrator requested an expansion of production for war purposes and made public announcement to that effect. By the Act of October 2, 1942, the minimum rate of support was increased to 90 percent of parity and support at that rate was required to be continued for 2 years after the end of the war -- December 31, 1948.

The Steagall commodities were: Hogs, eggs, chickens (with certain exceptions), turkeys, milk, butterfat, dry peas of certain varieties, dry edible beans of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and sweet potatoes.

Other commodities. -- Among the 140 or so "other" commodities supported during the war years were wool, turpentine, rosin, American hemp, sugarbeets, sugarcane, blackeye peas and beans, certain fruits for processing, certain vegetables for processing, barley, grain sorghums, rye, sea island cotton, certain vegetable seeds, winter cover crop seeds, and hay and pasture seeds.

The Act of August 5, 1947, required support of wool prices, until December 31, 1948, at the 1946 support level.

Post-War Years
(1949-50)

Agricultural Act of 1948

Basic commodities. -- The Agricultural Act of 1948 made price support mandatory at 90 percent of parity on 1949 crops of the basic commodities.

Steagall commodities. -- Support on 1949 production of hogs, chickens, eggs, and milk and its products was fixed at 90 percent of parity through December 31, 1949.

Support on 1949 production of dry beans, dry peas, turkeys, soybeans, flaxseed, peanuts, American-Egyptian cotton, and sweet potatoes was set through December 31, 1949, at not less than 60 percent of parity or comparable price nor higher than the level at which the commodity was supported in 1948.

Support on potatoes harvested on or before December 31, 1948, and marketed through December 31, 1949, was maintained at 90 percent of parity. Support on potatoes harvested after December 31, 1948, and marketed through December 31, 1949, was set at not less than 60 percent of the parity price nor more than the 1948 support level.

Wool. -- Support was made mandatory on wool marketed through June 30, 1950, at the 1946 level of 42.3 cents per pound for shorn wool, grease basis.

"Other" commodities. -- Supports were authorized on "other" commodities through December 31, 1949, if funds were available, at levels in a fair relationship with the basics, Steagall commodities, and wool.

Parity calculations. -- The Act provided that, beginning January 1, 1950, parity prices for individual crops be computed so as to take into consideration, in addition to the 1910-14 base period, average prices for the previous 10 years. The Act also provided for transitional parity -- that is, limiting the drop from old to new parity to steps of not more than 5 percent of old parity per year.

Agricultural Act of 1949

Basic Commodities. -- Support for 1950-crop basic commodities was made mandatory at not more than 90 percent of parity nor less than certain minimums based on the supply percentage at the beginning of the marketing year. However, the Act provided that if marketing quotas were in effect for tobacco, the level of support for tobacco should be 90 percent of parity. The Act also assured mandatory 90-percent supports for the 1950 crops of the other basics (and 80 percent for the 1951 crops) if producers had not disapproved quotas on any crop for which marketing quotas or acreage allotments were in effect.

Designated nonbasic commodities. -- Support was made mandatory on wool (including mohair) at the 60-90 percent of parity level, but it was provided that the level should be established so as to encourage an annual production of 360 million pounds of shorn wool. (This latter provision made support for shorn wool mandatory at 90 percent of parity.)

Support was made mandatory for tung nuts, honey, and Irish potatoes at the 60-90 percent of parity range.

Support was made mandatory on milk, butterfat, and the products of milk and butterfat at the 75-90 percent of parity range.

Other nonbasic commodities. -- Support was made permissive at not to exceed 90 percent of parity.

Computation of parity prices. -- The Act provided that the parity price for any basic agricultural commodity -- corn, cotton, wheat, peanuts, rice, and tobacco -- as of any date during the period January 1, 1950 - December 31, 1953, should not be less than its parity price as computed by the "old" parity formula. (The old formula meant higher parity prices for wheat, corn, cotton, and peanuts, whereas, the new formula resulted in higher prices for rice and tobacco.)

Korean War Period (1951-54)

Basic commodities. -- Although the Agricultural Act of 1949 provided flexible supports on most basic commodities within the 80-90 percent range for the 1951 crops and with a lower minimum for subsequent crops, flexible provisions did not become operative for some time. South Korea was invaded by North Korea in June 1950 and the Department of Agriculture, as part of the United Nations defense effort, maintained supports on all 1951-crop basics at the 90-percent level so as to stimulate production.

Section 106(a) of the Act of June 30, 1952, provided for price support at 90 percent of parity on the basic commodities under any program announced, while Title IV of the Defense Production Act (authorizing price controls) was in effect. Title IV expired as of April 30, 1953.

Flexible provisions were postponed still further by the Act of July 17, 1952, which amended the Agricultural Act of 1949 to provide for 90 percent of parity on price support for the 1953 and 1954 crops of any basic commodity with respect to which producers did not disapprove marketing quotas. The Act also made supports mandatory on extra long staple cotton for the first time.

Designated nonbasic commodities. -- Support continued to be mandatory, under the Agricultural Act of 1949, as follows: Wool and mohair -- 60 to 90 percent of parity, although the provision with respect to encouraging an annual production of 360 million pounds of shorn wool assured wool support at 90 percent of parity; tung nuts and honey, 60 to 90 percent of parity; and milk and butterfat, 75 to 90 percent of parity.

The Act of March 31, 1950 prohibited price support on potatoes of the 1951 and subsequent crops unless marketing quotas were in effect. Inasmuch as there was no legislation authorizing quotas for potatoes, mandatory support for potatoes was, in effect, brought to an end with marketing of the 1950 crop.

Other nonbasic commodities. -- Support was permissive on other nonbasic commodities at any level not to exceed 90 percent of parity.

Parity calculations. -- The Act of July 17, 1952, extended for two additional years (through December 31, 1955) the requirement that the effective parity price for the six basic commodities should be the higher of parity prices computed under both the old and new parity formulas.

Post-Korea
(1954 to date)

Agricultural Act of 1954

Basic commodities. -- The Agricultural Act of 1954 provided for flexible price support on 1955 basic crops (other than tobacco) at 82½ - 90 percent of parity. Since no limitation was imposed with respect to 1956 and later crops of these commodities, the flexible provisions of the 1949 Act became effective beginning with the 1956 crop at the 75-90 percent range.

The Act also provided for "set asides" of 400 to 500 million bushels of wheat and 3 to 4 million bales of cotton, the set asides to be excluded in the computation of price support levels, but to be included in the computation of acreage allotments and marketing quotas.

The Act provided for price support on 1955 and subsequent crop extra long staple cotton at the minimum level of support determined in accordance with the table of supply percentages (75 to 90 percent of parity). Subsequent legislation required the 1957 crop to be supported at the same level as the 1956 crop and the 1958 and subsequent crops to be supported at not in excess of the 1956 level but not less than 60 percent of parity.

Designated nonbasic commodities. -- Support continued to be mandatory on tung nuts and honey at 60 to 90 percent of parity and on milk and butterfat at 75 to 90 percent of parity.

The 1954 Act removed Irish potatoes from the list of designated nonbasic agricultural commodities, thereby moving Irish potatoes to "other nonbasic agricultural commodities."

The National Wool Act of 1954 (Title VII of the Agricultural Act of 1954) provided for a new price support program on wool and mohair, effective April 1, 1955. Wool was to be supported at the level determined necessary to encourage an annual domestic production of 300 million pounds, but not

to exceed 110 percent of parity, and mohair was to be supported at a related level. Payments were authorized as a means of price support.

Other commodities. -- Support on other commodities continued to be permissive, at any level between zero and 90 percent of parity.

Agricultural Act of 1956

Soil Bank. -- The Soil Bank Act, which was enacted as a title of the Agricultural Act of 1956, authorized a program of annual acreage diversion for wheat, corn, rice, cotton, peanuts, and several types of tobacco (Acreage Reserve Program). It also provided for long-term land retirement (Conservation Reserve Program). The Acreage Reserve Program terminated in 1958, but land could be placed under 10-year conservation reserve contracts through 1960.

Price Support. -- The 1956 Act required corn producers to comply with farm base acreages and to divert certain acreage to receive price support at the full rate. Price support was made mandatory on grain sorghums, barley, rye, and oats on the 1956 crop at 76 percent of parity and (if price support was made available in the commercial corn producing area to producers not complying with acreage limitations) on the 1957 crop at not less than 70 percent of parity.

The 1956 Act provided that whenever the price of either cottonseed or soybeans was supported, the price of the other would be supported at such level as would cause them to compete on equal terms on the market.

Parity calculations. -- Since the special requirement that the effective parity price for the six basic commodities would be the parity price computed under the "old" or "new" parity formula, whichever was higher, expired on December 31, 1955, the transitional parity mechanism went into effect January 1, 1956, with respect to basics. The Agricultural Act of 1956, however, "froze" transitional parity for basics during 1957. This affected corn, peanuts, and wheat, for which transitional parity was higher. By January 1960, all the basics had effected the transition and for the 1960 crops were under the "new" parity formula.

Agricultural Act of 1958

Basic commodities. -- The Agricultural Act of 1958 provided for a referendum of corn producers to determine if they favored (1) continuing the current price support program, which made support available within a 75-90 percent of parity range for those producers who complied with their acreage allotments, or (2) shifting to a new program which discontinued acreage allotments and made support available to all producers at 90 percent of the average price received by producers during the 3 preceding calendar years, but in no event at less than 65 percent of parity. In the referendum held November 25, 1958, a majority of the growers voting favored the latter program and it became effective with the 1959 crop.

Under other provisions of the Act, producers of upland cotton were given a choice of supports for their 1959 and 1960 crops based on two different acreage allotments. Under Choice "A", a producer who complied with his regular acreage allotment was assured support on his 1959 crop at not less than 80 percent of parity and on his 1960 crop at not less than 75 percent of parity; under Choice "B", a producer who complied with an allotment which might be as much as 40 percent larger than his regular allotment -- at the discretion of the Secretary -- was assured support for either or both of these 2 years at a level 15 percent of parity below the level of support established for producers electing Choice "A". For subsequent years, a return to a single no-choice program was specified, with the range of support set at 70-90 percent of parity for 1961 and at 65-90 percent of parity for subsequent years. Beginning with the 1961 crop (a) the exact level of support was not required to be based upon the supply percentage, and (b) the support price was to be based on the average quality of the crop.

For rice, beginning with the 1959 crop, the minimum level of support was not based on the supply percentage. For the 1961 crop, the support price range was from 70 percent to 90 percent of parity and for the 1962 and subsequent crops, the range of price support was to be from 65 percent to 90 percent of parity.

Designated nonbasic commodities. -- In line with the 1956 Act, the Agricultural Act of 1958 took oats, barley, rye, and grain sorghums out of the "permissive" price support category and, in effect, made them designated nonbasics by requiring that, beginning with the 1959 crop, price support should be made available for each of these crops at such level of its parity price as the Secretary of Agriculture determined to be fair and reasonable in relation to the level of support made available for corn. Since support for corn was and still is mandatory, this had the effect of making support mandatory also for these "other feed grains."

1960 and 1961 Legislation

Tobacco. -- The Act of February 20, 1960, provided for price support on the 1960 crop of tobacco at the same level as on the 1959 crop and on the 1961 and each subsequent crop at a level determined by adjusting the support level for the 1959 crop by the ratio of prices paid by farmers in the preceding three calendar years to the prices paid in the calendar year 1959.

Corn and Other Feed Grains. -- The Act of March 22, 1961 provided for an acreage diversion program for corn and grain sorghums under which payments could be made to producers who diverted acreage to conserving uses. Payments-in-kind from CCC stocks were authorized as a method of paying participants. The level of price support for the 1961 crop of corn was to be not less than 65 percent of parity. Since a higher level of support was

authorized for the 1961 crop of corn than the level of support for the 1959 and 1960 crops, and since the requirement that the support for oats, rye, barley, and grain sorghums be fair and reasonable in relation to corn support was not changed, the Act also indirectly authorized a higher level of support for oats, rye, barley, and grain sorghums. Price support for corn and grain sorghums was limited to the normal production of the 1961 acreage of these commodities, based on the 1959-60 average per-acre yield. This legislation was the forerunner of the feed grain programs which were to be in effect throughout the 1960's.

The Agricultural Act of 1961 (approved August 8, 1961) continued the 1961 feed grain provisions basically unchanged for 1962 crops, except for the addition of barley as a diverted acre crop.

Wheat. -- The Agricultural Act of 1961 continued the level of support for 1962-crop wheat within the 75 to 90 percent of parity range, but tightened eligibility requirements for price support. It extended acreage diversion provisions to wheat and provided for a 10 percent reduction in the 55-million-acre minimum national wheat allotment. It limited support to producers in the commercial wheat-producing area who participated in the special 1962 wheat program authorized by this Act.

Food and Agriculture Act of 1962

The Food and Agriculture Act of 1962 (Public Law 87-703) approved September 27, 1962, provided for 1963 wheat and feed grain programs and for programs for 1964 and future crops of these commodities. Provisions for crops after 1963 never became fully effective.

For 1963 wheat, the legislation authorized an emergency wheat program including voluntary diversion of wheat acreage. Participants who diverted wheat acreage were eligible for support at an average of \$2.00 per bushel. This was made up of a loan of \$1.82 per bushel and an 18-cent per bushel price-support payment. Since the program was authorized after many farmers had begun fall plantings, producers who harvested within acreage allotments, but did not divert acreage, were eligible for loans only.

For 1963-crop feed grains, the legislation continued the price support eligibility provisions for acreage diversion of corn, grain sorghum, and barley and continued the corn support at not less than 65 percent of parity. It also provided for part of the price support in the form of payments-in-kind from CCC's stocks. This was set at 18 cents per bushel for corn and comparable amounts for barley and grain sorghum.

For 1964 and subsequent crops of wheat, the Act provided for a marketing certificate program with price support between 65 and 90 percent of parity on wheat used for food in the United States and on a share of the exports to be determined by the Secretary. Remaining wheat was to be sup-

ported at a level related to its feed value and the world wheat price. This program was dependent upon marketing quotas being in effect. However, wheat producers in a 1963 referendum did not approve marketing quotas. A feature of this legislation eliminated the minimum 55-million-acre national allotment and authorized the Secretary to estimate a year's requirements for wheat and set an acreage allotment to meet those requirements.

For 1964 and subsequent crops of corn, the Act provided for price support at such level -- from 50 to 90 percent of parity -- as the Secretary determined would not result in increasing CCC stocks of corn.

This legislation also authorized the substitution of feed grains for wheat acreage and wheat for feed grain acreage during any year in which an acreage diversion program was in effect for feed grains, with price support to be from 65 to 90 percent of parity for any crop of corn for which an acreage diversion program was in effect.

Feed Grain Act of 1963

The Feed Grain Act of 1963 (Public Law 88-26) approved May 20, 1963, authorized a voluntary feed grain program for the 1964 and 1965 crops in principle similar to that in effect for 1963.

Agricultural Act of 1964

The Agricultural Act of 1964 (Public Law 88-297) approved April 11, 1964, authorized a 2-year program for the 1964 and 1965 crops of cotton and wheat.

For upland cotton, a support price of 30 cents per pound for Middling one-inch cotton was provided for the 1964 crop. Under the 1958 Act, the support price for the 1965 crop was to be at a level within 65 to 90 percent of parity. In addition, the 1964 Act provided for a price support payment on 1964 and 1965 crop cotton at not more than 15 percent of the basic level of support for those producers planting within their domestic allotments (domestic allotment was that portion of the national allotment needed to produce the cotton for domestic consumption). Payments-in-kind (cotton equalization payments) were authorized to persons, other than producers, in amounts which would make upland cotton produced in the U.S. available for domestic use at a price not in excess of the price cotton was made available for export.

For wheat, the legislation authorized a 2-year voluntary wheat certificate and acreage diversion program. Marketing quotas were suspended. It provided for price support for wheat accompanied by domestic certificates at between 65 and 90 percent of parity, and for wheat unaccompanied by certificates at a level not in excess of 90 percent of parity, as the Secretary determined appropriate -- taking into account competitive world prices, the feed value of wheat, and the level of support for feed grains. Price support was also provided for wheat accompanied by export certificate.

Act of April 16, 1965

The Act of April 16, 1965, provided for acreage-poundage farm marketing quotas on tobacco. When such quotas were in effect, price support was to be available on not to exceed 110 (120 for burley) percent of the quota for the farm. (Acreage-poundage quotas have been in effect only for flue-cured tobacco.)

Food and Agriculture Act of 1965

This Act, approved November 3, 1965, provided four-year commodity programs (1966-69 crops) for feed grains, wheat, and upland cotton. It continued the payment method for wool. It authorized a Class I milk base plan for the 75 Federal milk marketing orders and a long-term diversion of cropland under a Cropland Adjustment Program. The Act was extended for one year, through December 1970, by Public Law 90-559, approved October 11, 1968.

Basically, the Food and Agriculture Act of 1965 continued the feed grain diversion and payment programs and the wheat diversion and certificate program with modifications. It also extended the payment and diversion program to cotton. It provided for market support of cotton, feed grains, and wheat prices through price support loans and payments (certificates in the case of wheat).

Public Law 90-475, approved August 11, 1968, provided lower price support loans for extra long staple cotton, supplemented by price support payments.

The Agricultural Act of 1970

This Act, approved November 30, 1970 and applicable through 1973, initiated a cropland set-aside approach for participating producers in the wheat, feed grains and upland cotton programs (1971-73 crop years), and established a payment limitation a person could receive annually under the programs.

Principal provisions of the Act are as follow:

Title I -- Payment Limitation: Provided an annual ceiling of \$55,000 per crop on payments to producers of upland cotton, wheat and feed grains, with the limitation to consider all payments made for price support, set-aside, diversion, public access and wheat marketing certificates. This limitation did not include loans and purchases.

Title II -- Dairy: Amended and extended the authority for the Class I Base Plan in milk market order areas, and provided that any area covered by the program during the 1971-73 period could continue to have it in effect up to December 31, 1976. Dairy indemnity payments were continued and the

Secretary's authority was extended for donation of dairy products owned by CCC to the Armed Forces and Veterans Hospitals. The Act suspended the operation of the mandatory butterfat price support program for farm-separated cream, and directed that support would be provided through the purchases of milk and the products of milk.

Title III -- Wool: Extended the National Wool Act of 1954, as amended, through December 31, 1973, and established support prices of 72 cents per pound for shorn wool and 80.2 cents per pound for mohair for each year of the extension.

Title IV -- Wheat: Marketing quotas and acreage allotments were suspended for the 1971-73 crop years. A set-aside program was established under which wheat farmers, to be eligible for loans, certificates and payments under the program, were required to set aside from the production of wheat, or other substitute crops as designated, an acreage determined by the Secretary. The 1971 set-aside would be not more than 13.3 million acres. The 1972 and 1973 set-aside could not exceed 15 million acres. Additional set-aside and public recreational access payments were authorized.

The Act provided domestic wheat marketing certificates for farmers participating in the set-aside program in an amount equal to U.S. food consumption, but not less than 535 million bushels annually. The face value of the domestic certificates was set at the difference between the wheat parity price and the average price received by farmers during the first five months of the wheat marketing year (beginning July 1). The cost of certificates to wheat processors was continued at 75 cents per bushel.

Provision was made for a preliminary payment to participating farmers as soon as practicable after July 1. This payment would be the amount estimated by the Secretary to be 75 percent of the value of the domestic certificate. The balance of the payment, if any, would be paid after December 1. If the face value of the certificates as finally determined was less than the advance, the difference would not be required to be repaid.

The Secretary was authorized to set nonrecourse loans to participating farmers from \$1.25 per bushel to 100 percent of the parity price for wheat.

Title V -- Feed Grains: A voluntary feed grain program (corn, grain sorghum, and, if designated by the Secretary, barley) was established for the 1971-73 crop years, with a set-aside program under which participating farmers would be required to set aside feed grain acreage or other cropland in order to become eligible for loans and payments.

The Act provided that payments to participating farmers on one-half of their feed grain base would be the difference between the higher of (a) \$1.35 per bushel, or (b) 70 percent (68 percent under certain circumstances) of the parity price for corn and the average market price for the first five

months of the marketing year (which starts on October 1 on corn and grain sorghum, and July 1 on barley). In no event, however, would these payments be less than 32 cents per bushel for corn -- with rates on grain sorghum and barley at levels determined to be fair and reasonable in relation to the corn payment rate.

The Secretary was authorized to set the nonrecourse loan level from \$1.00 per bushel to 90 percent of parity.

The Act provided for a preliminary payment of 32 cents per bushel (subject to a reduction if the set-aside was less than 20 percent of the feed grain base) on corn to participating farmers as soon as practicable after July 1. If the difference between the average market price and \$1.35 were more than 32 cents during the first five months of the marketing year, an additional payment would be made. In no event would refunds by farmers be required.

Additional set-aside and public recreational access payments were also authorized.

Title VI -- Upland Cotton: A voluntary program was established under which marketing quotas and penalties would be suspended for three years, and provided for a cropland set-aside program, not to exceed 28 percent of the cotton allotment, as a condition of eligibility for benefits under the program.

The Act provided for payments on the estimated production from 11.5 million acres for the 1971 crop. In 1972 and 1973, the base acreage allotment would be set by the Secretary, and total payments would be adjusted accordingly.

The payment to participating cotton farmers would be the difference between the higher of 65 percent of parity, or 35 cents and the average market price for the first five months following the beginning (August 1) of the marketing year, but in no event would the payment be less than 15 cents per pound. No refunds by farmers would be required. Small farms would be eligible for 30 percent bonus payments.

Participating farmers were required by the Act to plant cotton to receive payments, with two exceptions: (1) if unable to do so because of natural disaster or other conditions beyond producers' control, and (2) if not less than 90 percent of the allotment were planted.

The Act also authorized payments to participating farmers on acreage made available to the public for recreational purposes, or on additional voluntary set-aside acreage.

The loan rate was established for the 1971-73 crop years at 90 percent of the average world price for the two previous years. A loan program was authorized under which the Secretary was directed, after being presented with warehouse receipts reflecting accrued storage charges of not more than 60 days, to make nonrecourse loans for a term of 10 months from the first day of the month the loan was made.

The Act permitted the sale of cotton allotments within a State, permitted the lease of allotments within a State, and provided for the release and reapportionment of allotments during the 1971-73 period. The Act provided also for a cotton research and promotion program.

Title VII -- Public Law 480: The Act extended the Provisions of P.L. 480, the "Food for Peace" program, which authorizes donations and long-term dollar credit and foreign currency sales of U.S. farm commodities to underdeveloped nations.

Title VIII -- General: The Act continued the Cropland Conversion and Greenspan long-term land retirement land retirement programs, at an authorized appropriation level of \$10 million annually for each program. An indemnity program was established to reimburse beekeepers for losses caused by pesticide residues.

The Act authorized farmers or other land owners who do not desire to hold an allotment on any crop under a government program to voluntarily relinquish it.

The Act authorized producers to plant, harvest, and bale hay grown on wheat, feed grain, and cotton set-aside or diverted acres and store the hay for future emergency periods declared by the Secretary. The Secretary could also make loans for baled hay storage facilities.

Title IX -- Rural Development: The Act committed Congress to a sound rural-urban balance and provided for various reports on planning assistance, technical assistance, government services and utilities, and financial assistance. The Act also required a Federal policy that new offices and facilities be located, insofar as practicable, in communities of lower population density.

Act of April 14, 1971

Public Law 92-10, approved April 14, 1971, amended the Agricultural Adjustment Act of 1938, as amended, to provide for poundage quotas for burley tobacco in lieu of farm acreage allotments. Producers voting in referendum from February 25 - March 1, 1974, approved the poundage program for the 1974-76 crop years by 98.3 percent of those voting.

The Agriculture and Consumer Protection Act of 1973

This Act, which amended the Agricultural Act of 1970 and was signed into law on August 10, 1973, includes the following provisions:

-- The total payments a person can receive under one or more of the wheat, feed grain or upland cotton programs (combined) for the 1974 through 1977 crops shall not exceed \$20,000. This limitation does not apply to CCC purchases or commodity loans available to eligible program participants or any part of any payment which represents compensation for resource adjustments or public access for recreation. The feed grains affected are corn, grain sorghum and, if designated by the Secretary, barley.

-- The authority is continued through the 1977 crop years for the Secretary to establish cropland set-aside (and additional diverted acreage) if he determines that these provisions are deemed necessary for the wheat, feed grain or upland cotton programs. The Secretary suspended for the life of the Act the conserving base requirement for participants in the programs.

-- Established, or "target," prices were initiated in the Act for wheat, feed grains and upland cotton, with payments to eligible producers, based on allotted acres, to be made under specified conditions.

No payment will be made as long as the average market price received by producers during the first five months of the marketing year -- or in the case of upland cotton, during the calendar year in which the crop is planted -- remains at or above the target level.

If the average market price for the stated period drops below the target level, a payment on the allotment (for cotton, the acreage planted within the allotment) will be made to eligible producers equal to the difference between the target price and the higher of the loan level or the average market price.

The target prices for 1974 and 1975 were set in the Act at 38 cents per pound for upland cotton, \$2.05 per bushel for wheat, and \$1.38 per bushel for corn -- with reasonable rates to be set for grain sorghum (and barley, if designated) in relation to the rate for corn.

Target prices for the 1976 and 1977 crop years would be set by taking an established price for each year, and increasing or decreasing it to reflect changes in prices paid by producers as shown by an index of production costs (production items, interest, taxes, and farm wage rates) published by the Department and productivity. Productivity is measured by comparing the most recent national 3-year average for each crop with the 3-year average ending with the preceding year.

-- The Act also authorized "disaster" payments. If an eligible producer of wheat or feed grains is prevented from planting any portion of his allotment to wheat, feed grains or other nonconserving crop or an eligible producer of cotton is prevented from planting any portion of his allotment to cotton because of drought, flood, or other natural disaster, or condition beyond his control, the payment rate for that portion will be the larger of the regular calculated rate or one-third of the target price.

And if, because of the same circumstances, the total quantity of the commodity (or authorized substituted crop) harvested on the farm is substantially less than the "expected production" because of a natural disaster, the payment rate for the deficiency in production below 100 percent will be the larger of the regular calculated rate or one-third of the target price. ("Expected production" is the farm payment yield multiplied by the farm acreage allotment for the grains and the farm base acreage allotment for cotton.)

-- Provision was made to establish a disaster reserve of inventories not to exceed 75 million bushels of wheat, feed grains and soybeans to alleviate distress caused by a natural disaster.

-- The Act increased the minimum dairy support price on manufacturing milk to 80 percent of parity for the balance of the 1973 marketing year and for the 1974 marketing year, which ends March 31, 1975. The suspension of support for butterfat is continued.

The Act extended the National Wool Act, and continued the dairy and beekeepers indemnity programs.

THE WHEAT PROGRAM: The voluntary wheat program provides for loans and purchases and sets forth established (or target) prices of \$2.05 per bushel for the 1974 and 1975 crop years, with this established price adjusted for 1976 and again for 1977 on the basis of cost of production change measured by USDA's cost of production index, further adjusted by the productivity change as measured by the national average yield for the preceding three years, compared with the yield of the three years previous to the preceding year (i.e., for the 1976 crop, the 1973-75 average yield will be compared with the 1972-74 average yield). The wheat marketing certificate program was terminated.

Loans: Nonrecourse loans will be available to participating farmers at a national average level not less than \$1.37 per bushel and not more than 100 percent of parity, determined by the Secretary to be appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the loan level for feed grains.

County loan rates are established to reflect the national average, adjusted by premiums or discounts for quality, and other factors specified in program provisions.

Loans through ASC county offices are available from harvest time through March 31 of the following year. Loans mature on demand, but no later than the last day of the 11th calendar month following the month the loan is made.

Purchases: Wheat may be purchased by CCC from eligible producers on the loan maturity date at the county basic loan rate, adjusted by premiums or discounts for quality, and other factors specified in program provisions.

Disaster Payments: These were described on page 16.

Cropland Set-Aside: If a set-aside of cropland is in effect, then as a condition of eligibility for loan, purchases, and payments as authorized, the producers on a farm must set aside and devote to approved conservation uses an acreage of cropland equal to a specified percentage of the wheat allotment for the farm as designated by the Secretary.

If a cropland set-aside provision is in effect for any crop year, the Secretary shall permit producers to plant and graze sweet sorghum on set-aside acreage, and may permit, subject to such terms and conditions he may prescribe all or any of the set-aside acreage to be devoted to hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye or other commodity, if he determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

If a farm has at least 55 percent of total farm cropland in summer fallow, and a set-aside provision is in effect, the farm will be considered to have met the set-aside of the allotment requirement.

Cost-sharing for the control of erosion, insects, weeds and rodents, or for the establishment of wildlife food plots or habitat on set-aside acreage is authorized.

THE FEED GRAIN PROGRAM: The voluntary feed grain program under the 1973 Act provides for loans and purchases on corn, barley, oats, grain sorghum and, as designated by the Secretary, barley. It also sets forth established (or target) prices for corn of \$1.38 per bushel for the 1974 and 1975 crops, with this established price adjusted for 1976 and again for 1977 on the basis of cost of production change measured by USDA's cost of production index, further adjusted by the productivity change as measured by the national average yield for the preceding three years, compared with the yield of the three years previous to the preceding year (i. e., for the 1976 crop, the

1973-75 average yield will be compared with the 1972-74 average yield). The target prices for grain sorghum and barley will be at a rate that the Secretary determines fair and reasonable in relation to that for corn.

Loans: Nonrecourse loans will be made available to eligible producers of corn at a level, not less than \$1.10 per bushel nor more than 90 percent of the parity price, that the Secretary determines will encourage the exports of feed grains and not result in excessive total U.S. feed grain stocks.

The loan rate for grain sorghum is to be at a level the Secretary determines is fair and reasonable in relation to that of corn, taking into consideration the feeding value and average transportation cost to market of grain sorghum in relation to corn.

The loan rates for barley, oats and rye are to be at such level the Secretary determines is fair and reasonable in relation to that for corn, taking into consideration the feeding value of each to corn and the other factors set forth in section 401(b) of the Agricultural Act of 1949, as amended.

Loans for corn are available through ASC county offices from harvest time through May 31 of the following year, with the loans maturing on demand, but no later than the last day of the 11th calendar month following the month the loan is made.

Loans for grain sorghum are available through the county offices from harvest time through May 31 of the following year. Loans mature on demand, but no later than the last day of the 11th calendar month following the month that the loan is made.

For barley, loans through the county offices are available through March 31 of the following year. Barley loans mature on demand, but no later than the last day of the 11th calendar month following the month that the loan is made.

Loans for rye are available through the county offices until March 31 of the year following harvest and mature on demand, but no later than the last day of the 11th calendar month following the month that the loan is made.

Loans for oats are available through March 31 following harvest. Loans mature on demand, but no later than the last day of the 11th calendar month following the month that the loan is made.

As with other commodities, the county feed grain loan rates reflect the announced national average loan rate, with the county loan rate also adjusted by premiums and discounts for quality to determine rates for individual producers.

Purchases: Feed grains may be purchased by CCC from eligible producers on the loan maturity date at the county loan rate, adjusted by premiums or discounts for quality, and other provisions under the program.

Disaster Payments: These were described on page 16.

Cropland Set-Aside: If a set-aside of cropland is in effect, then as a condition of eligibility for loan, purchases and payments as authorized, the producers on a farm must set aside and devote to approved conservation uses an acreage of cropland equal to a specified percentage of the feed grain allotment for the farm as designated by the Secretary.

If a cropland set-aside provision is in effect for any crop year, the Secretary shall permit producers to plant and graze sweet sorghum on set-aside acreage, and may permit, subject to such terms and conditions he may prescribe, all or any of the set-aside acreage to be devoted to hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if he determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

If a farm has at least 55 percent of total farm cropland in summer fallow, and a set-aside provision is in effect, the farm will be considered to have met the set-aside of the allotment requirement.

Cost-sharing for the control of erosion, insects, weeds and rodents, or for the establishment of wildlife food plots or habitat on set-aside acreage is authorized.

THE UPLAND COTTON PROGRAM: The voluntary upland cotton program under the 1973 Act provides for loans and sets forth established (or target) prices for upland cotton of 38 cents per pound for the 1974 and 1975 crops, with this established price adjusted for 1976 and again for 1977 on the basis of cost of production change measured by USDA's cost of production index, further adjusted by the productivity changes as measured by the national average yield for the preceding three years, compared with the yield of the three years previous to the preceding year.

Loans: The national average loan rate per pound for Middling 1-inch upland cotton (micronaire 3.5 through 4.9), net weight, at average location in the U.S. is established to reflect 90 percent of the average price of American cotton in world markets for the preceding three year period.

A preliminary loan rate is announced not later than November 1 of the calendar year preceding the marketing year for the crop. An evaluation of world prices will be made before the beginning of the particular crops' marketing year (August 1). If it is determined that the then current level of average world prices for American cotton is lower than the announced preliminary rate, the loan rate will be adjusted downward to 90 percent of the then current level of average world prices.

Loans available to program participants for different individual qualities will be based on the Middling 1-inch rate, after adjustment to the quality Strict Low Middling 1-1/16 inches -- the new base quality adopted for spot and futures price quotation purposes.

The term of the loan will be 10 months from the first day of the month in which the loan is made. Loan amounts will be reduced for any unpaid storage charges in excess of 60 days.

Disaster Payments: These were described on page 16.

Cropland Set-Aside: If in effect, generally the same provisions as for the wheat and feed grain programs.

THE DAIRY PROGRAM: The price of milk shall be supported at such level between 75 and 90 percent of parity (except that the minimum level was set by the 1973 Act at 80 percent through the period ending March 31, 1975) as the Secretary determines necessary to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs. Price support shall be provided through purchases of milk and the products of milk.

Before the beginning of each marketing year (April 1), the Secretary announces the support price for manufacturing milk applicable for the marketing year. The announced price will be raised if necessary to assure an adequate supply of milk or to reflect at least the minimum percentage of the parity equivalent for manufacturing milk, but may not be lowered during the year.

At the same time, an announcement is made of the prices that CCC will pay for bulk butter, cheese and nonfat dry milk throughout the marketing year from manufacturers and handlers. The purchases maintain market prices of dairy products at levels which enable cooperatives and dairy processing plants to buy milk from farmers at prices which will reflect, on the average, the announced support level.

In addition to its purchases of bulk dairy products at announced prices, CCC buys substantial quantities of these products in special forms and in consumer-size packages through competitive bids. These products are used in the various food distribution programs. Purchases of such dairy products are at prices which reflect the announced support price for manufacturing milk plus a reasonable allowance for additional packaging and processing costs.

CCC purchases dairy products through the ASCS Prairie Village, Kansas Commodity Office.

The Wool and Mohair Program

The National Wool Act of 1954, as amended, provides that support of the prices for wool and mohair be carried out through payments to producers.

The 1973 Act continues through the marketing year ending December 31, 1977 the support price for shorn wool at 72 cents per pound, grease basis, and the support price for mohair at 80.2 cents per pound, grease basis.

The program is designed, through the use of annual payments, to support the returns to producers from wool and mohair.

The total amount of payments under the program is limited to 70 percent of the accumulated totals of duties collected on imports of wool and wool manufactures.

